

### *Objective #1 concluded...*

These data make it clear that those accessing the machinery and equipment tax credit are overwhelmingly “existing” firms, presumably strengthening their ability to survive and maintain good jobs.

Dr. Luger's evaluation of the William S. Lee Act provides detailed analyses of utilization of W. S. Lee tax credits by year of incorporation, by type of business and by industrial code of businesses using the tax credits.

### Objective #2:

#### *Encourage new investment in North Carolina's economy from both new and existing industries.*

It is difficult to determine which activities on the part of businesses are incented by tax credits, and which activities would have occurred independent of those credits. Certainly in some cases business investments would have occurred without the tax credit and in others companies would have either chosen not to expand or might have chosen to move to other locations.

One way of inferring possible impact of the Lee Act is to compare the average annual number of projects and the average annual amount of announced investment activity reported to the Department of Commerce before and after the Lee Act was enacted.\*\*

**In the two years immediately before the Lee Act, an average of 48 projects were announced in North Carolina each month. In an average month, companies announced investments totaling \$281.5 million and created 2,455 jobs. Since the act became effective, the average number of projects was up to 79, an increase of 64%; the average monthly investment was \$327.8 million, an increase of 16.4%; and the average number of new jobs created each month was up to 3,055, an increase of 24.4%.**

This is admittedly an imperfect measure: other factors could explain a change in the amount of investment, and companies cite a wide range of reasons in explaining their decision to locate or expand in North Carolina.

Another way of determining the Act's possible impact on the state is to talk with companies themselves. A number of companies have very specifically cited the impact of the Lee Act in helping to convince them to move or expand here. Those include:

#### Tier 1

**Western Forge, Inc.** Cherokee County (2000, 300 jobs, \$28 million investment)  
**Reser's Fine Foods** Halifax County (2000, 320 jobs, \$18 million investment)

#### Tier 2

**Triangle Brick Company** Anson County (2000, 50 jobs, \$27 million investment)  
**Wal-Mart Distribution** Vance County (2001, 250 jobs, \$23 million investment)

#### Tier 3

**Gildan, US Textiles** Rockingham County (2001, 240 jobs, \$8.5 million investment)  
**Keeco, Inc.** Jackson County (1999, 40 jobs, \$1 million investment)

#### Tier 4

**Davis and Dixon Enterprises** Dare County (2000, 80 jobs, \$2.4 million investment)  
**Flextronics International** Franklin County (2001, 270 jobs, \$30 million investment)

#### Tier 5

**Syngenta Guilford** (2000, 110 new jobs, 630 jobs saved, \$7 million investment)  
**Times Fiber Randolph County** (2000, 85 jobs, \$11 million investment)

*\*\* It should be noted that, while the same collection criteria have been used to track economic development announcements before and after the enactment of the Lee Act, these figures represent announced projects, investments and jobs created, and do not necessarily represent the actual projects, investments and jobs created by companies.*